Texas State Affordable Housing Corporation

Gateway Northwest Apartments
1617 Northwest Blvd., Georgetown, Texas 78628

Owner: THF Georgetown Gateway Northwest. Ltd.
Management Company: THF Housing Management Corp.
Inspection Date & Time: December 3, 2020 at 10:30 a.m.

Date Built: 2015
Property Manager: Blaire Bigelow
Inspector's Name: James Matias

Occupancy at Time of Report:	88.8%	Average Occupancy Over Last 12 Months:	92.8%

Number of Units: 180

Number of One Bedrooms:	40	Number of Two Bedrooms:	84
Number of Three Bedrooms:	56	Number of Four Bedrooms:	N/A

PHYSICAL INSPECTION	YES	NO	N/A
1) Are the access gates in operable condition?			X
2) Is the community monument sign in acceptable condition?	X		
3) Is the perimeter fence surrounding the property in acceptable condition?	X		
4) Are the grounds and landscaping in acceptable condition?	X		
5) Are trees and shrubs properly trimmed?	X		
6) Are the grounds free of erosion, foot paths and tree root elevation?	X		
7) Are sidewalks clean and in good repair?	X		
8) Is parking lot clean and in good repair with handicap parking clearly marked?	X		
9) Are recreational/common areas clean, maintained and accessible?	X		
10) Are laundry facilities clean, maintained and accessible?	X		
11) Is facility equipment operable and in acceptable condition?	X		
12) Is the area around the waste receptacles clean and are the enclosures in good repair?	X		
13) Is the exterior of the buildings in acceptable condition?	X		
14) Are hallways clean and maintained?	X		
15) Are storage/maintenance areas clean, maintained and organized?	X		
16) Are building foundations in good repair?	X		
17) Are the gutters, downspouts and fascia boards on the buildings in good repair?	X		
18) Do the building roofs appear to be in good condition?	X		
19) Do balconies and upper level walkways appear to be in good condition?	X		
20) Do windows, blinds, doors, and trim appear to be in good condition?	X		
21) Is Management addressing all health, fire or safety concerns on the property?	X		
22) Have repairs or corrections recommended or required from the last physical inspection been satisfactorily completed?			X

COMMENTS: Based on an observation of the photos provided and a drive through, the property appears to be in exceptional condition. The grounds were clean and free of debris, and the landscape gave the property great curb appeal. During the exterior review, it was noted that the building foundations, roofs, breezeways, and stairwells were all in great working condition. The property site sign and marketing signs (placed around the perimeter of the property) are in good condition.

SECURITY PROGRAM   Part I

1) After review of the prior 3 months of police reports, the following incidents were noted and includes the number of times incidents occurred:

Incident Type	# of Occurrences	Comments:
Burglary	2	Burglary Build Habitation (1), Burglary of Motor Vehicle (1)
Theft		
Criminal Mischief	1	
Personal Assault		
Drug Related Activity		
Gun Related Activity		
Domestic Violence		
Disturbance	3	Disturbance (2), Loud Music or Noise (1)

Texas State Affordable Housing Corporation

			YES	NO	N/A
	Other				
2)	Does the property utilize a crime prevention agreement?		X		
3)	Does the property take pro-active measures to address crime on property? If so, add comment		X		
4)	Are light checks conducted by management staff on a weekly basis? If not, add comment.		X		

COMMENTS: The property utilizes the same pro-active measures (i.e., lease addendums, property surveillance cameras, and an on-site courtesy officer) to address crime on the property as it did in prior years. Based on a review of the local police call logs, crime appears to be decreasing when compared with prior years. There were 22 calls made from 5/1/2020 through 10/31/2020 (6 months) and 6 of the 22 calls are listed above. Light checks are conducted weekly by the manager and security patrol.

SECURITY PROGRAM Part II	YES	NO	N/A
1) Is the Staff trained to address crime on the property?	X		
2) Is the property free of graffiti and/or vandalism?	X		
3) Are criminal background checks being conducted on all residents over 18 years of age?	X		
➢ Are criminal background checks being conducted on residents as they age to be 18 while living in the unit?		X	
4) Has a risk assessment been conducted to determine risk liabilities at the property? See comments	X		

COMMENTS: The last risk assessment was conducted in April 2020.

OFFICE	YES	NO	N/A
1) Is the office neat, the desk uncluttered?	X		
2) Are accurate office hours posted?	X		
3) Are emergency phone numbers posted?	X		
4) Are the EHO logos clearly posted?	X		
5) Are the following displayed in full view in the leasing office?			
➢ Fair Housing Poster	X		
➢ Occupancy Qualifications	X		
6) Is there a compliance department that ensures the set aside and eligibility requirements are being maintained?	X		
7) Does the property require licenses or permits? ➢ Fire inspections are conducted annually.	X		
8) Are property licenses and permits renewed as required?	X		
9) Are vendor insurance records/binders properly maintained?	X		
10) Are vendors properly screened to ensure proper insurance documents are being maintained?	X		
11) Which of the following community amenities are provided for resident use?			
➢ Playground	X		
➢ Community Room	X		
➢ BBQ/Picnic Area	X		
➢ Laundry Facility	X		
➢ Business Center	X		
➢ Pool	X		
➢ Other: Fitness Center	X		

COMMENTS: The broken laundry room equipment noted in last year's review was replaced.

KEY CONTROL	YES	NO	N/A
1) Does the property use an electronic key tracking system? If not, answer questions 2-5.		X	
2) Are all property keys properly coded?	X		
3) Is key box locked and secured?	X		
4) Is the key code list kept separate from the key box?	X		
5) Are locks being changed during unit turnovers?	X		

COMMENTS:

MAINTENANCE PROGRAM	YES	NO	N/A
1) Does the property have a preventative maintenance program?	X		
2) Is the preventative maintenance schedule being implemented?	X		
3) Is the maintenance shop clean and organized?	X		
4) Does the maintenance area have properly documented MSDS material and chemicals labeled properly?	X		

5) How often are Pest Control services provided?
- ➢ Pest control services are provided weekly for units that request treatments. The exterior of the buildings are treated 6 times per year, one building per week.

6) What is the policy for following up on completed service requests?
- ➢ At random, management will follow up on completed work orders.

7) What is the property's after-hours emergency policy?
- ➢ The property's main number will contact the on-call staff member during after-hours.

8) What capital improvements have been scheduled or completed for this budget year?
- ➢ No capital improvements were completed in the last budget year.

Detail of Ongoing Repairs and Replacements Completed in Last Budget Year

9) Unit Interior and Appliance upgrades
- ➢ Unit interiors and applicant upgrade are being completed as needed during all unit turns.

10) Building Exterior and Curb Appeal repairs
- ➢ Last year the exterior of the buildings were painted and the building number signs were replaced.

11) Amenity upgrades
- ➢ N/A

12) Other repairs or replacements
- ➢ N/A

Number of service requests received:	28		
Number of requests open from prior periods:	0		
Number of service requests completed:	25		
Number of service requests completed within 24 hours:	19		
Number of outstanding service requests:	3		

13) On average, how many days does it take to complete a work order?
- ➢ Based on a review of the Service Request report, it takes less than one day for work to get completed.

COMMENTS: Three work orders are on hold due to the pandemic. Tenants have requested that work be deferred to a later date and some tenants have been sick with covid symptoms.

MARKETING

1) Complete the table below with the most recent information available.

SOURCE	COST	# of Prospects	# of Leases
Drive-By/Word of Mouth: Advertising signs and Balloons ($800 property flags)	$800	2	0
Flyers	NA		
Resident Referral (Current & Prior): $100 per approved applicant with an average of 4 per year	$400	6	1
Locator Service	$0	1	0
Printed/Internet Advertising: Property website, Google.com, Apartmens.com ($490/month), and apartments247 ($50 monthly with virtual tour) and Lifestyle magazine $30 monthly.	$6,840	69	16
Other Source: Local Housing Authority, Other Property, Other	$0	11	1
TOTAL	**$8,040**	**89**	**18**

The rental activity reflected in the above table was for the following period: 10/1/2020 – 11/20/2020

	YES	NO	N/A
2) Is the property doing bilingual advertising?	X		
3) Does the property have any competitors nearby?	X		
4) Does the property "shop" their competitors?	X		
5) Does the property complete a market survey at least monthly?	X		

COMMENTS: Due to an increase in vacancy, management has increased its marketing efforts.

LEASE RENEWAL	YES	NO	N/A
1) Does it appear that an effective lease renewal program is in place? If no, please comment below.	X		
2) What percentage of residents renewed last month, past 6 months, and past 12 months?	Current (November): 58%	6 months: 78.8%	12 months: 81%
3) What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or "skip"?	9.6% (5 total)		
4) Are lease renewal/rent increase notices sent to residents at the 120-day, 90-day, 60-day and 30-day timeframes prior the end of the lese contract? If not, comment below.	X		
5) Are rent increase notices sent to residents at least 30-days prior to the rent increase implementation?	X		
6) Are individual files being reviewed to determine renewal/non-renewal status?	X		
7) Are renewals and re-certifications tracked and monitored with property management software? I.e., Yadri, Onesite, or Owner/Agent created software?	X		
8) Are rent increases being implemented?	X		
9) When was the last rent increase implemented? What was the average rent increase? ➤ The last rent increase was in January 2020 with an average increase of about $30.			
10) How many households are currently on month-to-month leases? ➤ There are currently 6 households on month-to-month leases.			
11) What is the charge for month-to-month leases? ➤ There is a month-to-month fee that averages about $60 a month. Management confirmed that the total rent amount will never exceed the program rent maximum.			
COMMENTS: A review of the Reasons for Move Outs Report indicates the property had one resident abandoned the unit, three skipped without notice, and one was evicted for non-payment of rent. Management confirmed that a skipped unit and abandoned unit are one in the same.			

VACANT/MAKE READY UNITS	
1) Number of vacant units at time of activity report:	18
2) Number of completed made ready units at time of activity report:	8
3) Number of completed one bedroom units at time of activity report:	0
4) Number of completed two bedroom units at time of activity report:	6
5) Number of completed three bedroom units at time of activity report:	2
6) Number of uncompleted made ready units at time of activity report:	10
7) Number of uncompleted one bedroom units at time of activity report:	0
8) Number of uncompleted two bedroom units at time of activity report:	5
9) Number of uncompleted three bedroom units at time of activity report:	5

Units Walked

Unit #	Brief Description
214	(2x2) Vacant: Made ready
228	(3x2) Vacant: Made ready
626	(2x2) Vacant: Made ready
633	(2x2) Vacant: Almost ready

Down Units Walked (units vacant and unready for extended period of time and all down units)

Unit #	Brief Description
NA	

	YES	NO	N/A
1) Does the Unit Availability Report match the make ready board?	X		
2) Are units being turned in a timely manner?	X (see comments)		
3) Are there any down units?	X		
4) Are there vacant units that have been vacant for an extended period of time? If so, please comment below.	X		
5) Is management utilizing property software (i.e., Yardi, Onesite, or an owner/agent created) to monitor the timely preparation of units? If not, comment.	X		
6) How often are occupied units inspected? ➤ Occupied units are inspected: Semi-annual			

7)	How often are vacant units inspected?
	➤ Vacant units are inspected: Weekly

8)	How many vacant units are in progress of being made ready?
	➤ There are 10 units in the process of being made-ready.

9)	What is the company policy on the number of days to turn vacant units?
	➤ There is not a written policy regarding the number of days it takes to turn a vacant unit; however, they have a goal of one week.

COMMENTS: During the 2019 review it was noted that the property has many vacant units taking more than 30 days to make ready. Management and maintenance appear to be doing a better job making ready units timely. The property still has a few units that take longer than the industry standard (see observation below). However, management explained that these delays are due to the maintenance team being short staffed.

Observation:

- **Management stated there is not a written company policy regarding the number of days a vacant unit will be made-ready. It is suggested that Management implement a Make Ready policy to ensure that units are tuned and made-ready within a reasonable amount of time. Industry standard is typically 7-10 business days.**

BUDGET MANAGEMENT
1) Are three bids solicited in order to obtain materials, supplies, and services?
➤ Three bids are required for all services, materials and supplies.
2) Have there been any large unexpected repairs or purchases that have negatively affected the current budget?
➤ No, there were no issues that negatively affected the budget.
3) Explain YTD variances of 10% or greater.

Expense Items that Varied by 10% or Greater from the Budget for Year to Date Operations Ending

(Please note that a positive variance is under budget and a negative variance is over budget.)

EXPENSE ITEM	ACTUAL	BUDGET	VARIANCE	%	EXPLANATION
Marketing Expenses	$9,578	$6,370	($3,208)	(50.4%)	Advertising - Other
Administrative Expense	$112,984	$158,170	$45,186	28.6%	Compliance & Resident Services Fees (THF), Legal Fees, Resident Services Supplies
Maintenance & Repairs	$45,258	$29,070	($16,188)	(55.7%)	Materials: Appliances, Janitorial, Landscaping & Irrigation, Light Bulbs & Fixtures, Locks & Keys
Contract Costs	$127,841	$91,720	(36,121)	(39.4%)	Contract Costs: Plumbing, Electrical, Carpet Cleaning, Fire Monitoring, and Other

COMMENTS: The marketing expenses are over budget because two signs were added in high traffic areas of Georgetown. Most of the overage for Contract Cost is due to labor from temporary agencies. When the property was having trouble getting fully staffed, they turned to temporary labor agencies to fill the void.

REVENUE			
FOR THE MONTH ENDING: OCTOBER 2020		**YEAR TO DATE AS OF: OCTOBER 2020**	
Gross Potential	$212,321	Gross Potential	$2,091,888
Budgeted Rental Income	$166,943	Budgeted Rental Income	$1,669,430
Actual Rental Income Collected	$160,640	Actual Rental Income Collected	$1,618,694
Variance + (-)	($6,303)	Variance + (-)	($50,736)
Other Revenue	$7,296	Other Revenue	$53,085
Total Collected	$167,936	Total Collected	$1,671,779
Budgeted	$173,651	Budgeted	$1,724,560
Variance + (-)	($5,715)	Variance + (-)	($52,781)

COMMENTS: The negative rental income variance is largely due to higher occupancy than expected.

Texas State Affordable Housing Corporation

ACCOUNTS PAYABLE	YES	NO	N/A
1) Is the payable report up to date?	X		
2) Is the property in good standing with all vendors?	X		
3) Are invoices processed weekly? ➢ Management processes invoices daily.	X		

COMMENTS: The Vendor Aging Report dated 11/20/2020 was utilized to complete this section.		
0-30 Days:		$3,418
30-60 Days:		$895
60 Days and Over:		$116
TOTAL		$4,429

DELINQUENCIES	YES	NO	N/A
1) Is the delinquency report up to date?	X		
2) What is the rent collection policy? ➢ All rent payments are due on the 1st day of the month and late of the 6th day of the month.			
3) When is legal action taken against delinquent accounts? ➢ If necessary, legal action is taken against delinquent accounts on or around the 15th day of the month.			
4) Does the property currently have any resident(s) under eviction?		X	
5) Does Housing have any outstanding balances?	X		

COMMENTS: Management appears to be doing a great job collecting rent during a time where it is very difficult. Management is also doing a good job referring residents to agencies in the area that will help tenants in need of rental assistance. The Delinquent and prepaid report dated 11/30/2020 was reviewed to complete this section.		
0-30 Days:		$1,100
30-60 Days:		$0
60 Days and Over:		$0
TOTAL		$1,100

RETURNED CHECKS	YES	NO	N/A
1) Total number of returned checks in the past 3 months:	2		
2) Has the manager collected and deposited all returned checks?	X		
3) Is the manager following company policy on returned checks?	X		
COMMENTS:			

PERSONNEL	YES	NO	N/A
1) Does owner/agent have a system/procedure for providing field supervision of on-site personnel?	X		
2) Does the property appear to be adequately staffed?	X		
3) Is overtime being controlled?	X		
4) Were requested pre-audit reports submitted on time?	X		
5) Does it appear that personnel are team oriented?	X		
6) Are name tags/photo IDs being worn by the maintenance personnel?	X		
7) Was management staff prepared for the site visit?	X		
8) Has staff turnover occurred since the last site review?	X		
9) Are weekly staff meetings held?	X		
10) Have personnel been trained in Fair Housing?	X		
11) List training staff has received in the past year. ➢ All staff is required to complete various Grace Hill trainings (i.e., Fair Housing, Sexual Harassment, Tax Credit, etc.).			
COMMENTS: The Property Manager confirmed that there is a new Lead Maintenance staff member and stated they are in the process of looking for a maintenance technician.			

OWNER PARTICIPATION	YES	NO	N/A
1) Does the owner have access to the software system utilized to manage the property?	X		
2) How often are reports submitted to the owner? ➢ Reports are pulled by the owner when needed.			
3) What is the dollar amount of an unbudgeted or over budget expense that requires owner approval for the release of funds? ➢ The Property Manager must obtain owner approval for amounts over $500 that are unexpected or over budget.			
4) Are the funds for needed capital improvement items, turning of units, and marketing campaigns released by the owner according to what has been budgeted?	X		

COMMENTS:	7

SUMMARY OF OBSERVATIONS AND FINDINGS

No Findings.

Observation:

- **Management stated there is not a written company policy regarding the number of days a vacant unit will be made-ready. It is suggested that Management implement a Make Ready policy to ensure that units are tuned and made-ready within a reasonable amount of time. Industry standard is typically 7-10 business days.**